

2.8. Address the short- to long-term effects of the Bakken oil boom for tourism

This Strategic Action strengthens Montana's tourism product development and marketing efforts.

Recommended Tactics

MTOT, Regions, CVBs, Communities, Tribes, Businesses & Organizations

- » Address the short term accommodations shortages by collaborating to establish a system to help non-resident visitors locate available lodging.
- » Work collaboratively to ensure that tourism-related concerns are considered in the Montana Department of Transportation's (MDT) plans to address the impact of Bakken on transportation infrastructure. Work closely with MDT and ensure that tourism stakeholders are widely aware of MDT reports and information.
- » Collaborate to tap the potential tourism markets that exist in the population attached to the Bakken development by (i) conducting research to understand several segments of that potential market; (ii) packaging local tourism assets into products tailored to these groups; and (iii) devising targeted marketing for promising segments in North Dakota.
- » Where ever possible, highlight the continuing small town nature of affected towns. Promote eastern Montana towns as oases from the oil patch.

Regions, CVBs, Communities, Tribes, Businesses & Organizations

- » Participate in local economic development and growth management discussions and planning to preserve and enhance the charm and vibrancy of affected towns. Offer well-coordinated proposals for building a diversified economic base including tourism, based upon solid research.

Indicators of Success

- » Tourism entities collaborate to develop an immediate solution to the short-term accommodations shortage.
- » Affected communities, businesses, and organizations are well informed regarding Bakken-related transportation impacts and the responses of MDT.
- » Communities, businesses, and organizations tap the Bakken-related populations as a tourism market.
- » Tourism entities participate actively and are a positive force in efforts to harness the economic boom to drive diversified economic development – including sustainable tourism – and to support charming and vibrant towns through the oil cycle.

Background, Rationale & Resources

Community sessions held throughout eastern Montana made clear the level of concern among tourism industry stakeholders regarding the impacts of the Bakken oilfield. Concerns centered upon:

- » The current lack of availability of accommodations for visitors;

- » A perception that visitors are avoiding northeastern Montana as a tourism corridor due to the impacts of the Bakken;
- » Concern that a boom-and-bust cycle will leave affected towns neither vibrant nor charming in the medium- to long-term; and
- » The increased truck traffic making travel more dangerous.

At the same time, stakeholders recognize the potential benefits that the tourism community could reap from the population growth and increase in business travel related to the Bakken oil patch.

Accommodations Shortage and Negative Perceptions

Stakeholders expressed concern that alternate travel routes will become established due to current accommodations shortages, making it very difficult to win travelers back in the future. This raises a long term concern that local economies will become less diversified as tourism and other industries are squeezed out by oil development, leading to economic devastation when the oil cycle goes "bust".

Reducing uncertainty regarding accommodations will reduce the level of "risk" perceived by travelers and help counter perceptions that the region should be avoided by visitors. Using online or phone-based resources, travelers should be able to locate lodgings 24/7/365 to prevent situations where visitors feel "stranded". MTOT's travel counselors, online booking sites, and other existing resources could be examined for their potential to serve this need. Alternatively, eastern Montana hoteliers themselves might develop a simple system for referring travelers to one another when they have no vacancies. Such a system should be publicized in the state-wide tourism sector and in visitor information to maximize the risk-reduction effect it offers. MTOT and Region websites may also wish to highlight lodging facilities that cater specifically or exclusively to travelers (as opposed to residents).

Addressing the situation directly and with a positive perspective – e.g., "Eastern Montana's economy is booming!...But we'll make sure you don't get lost in the bustle." – will likewise reduce perceived risk and negative perceptions that may exist. Highlighting the number of new lodgings being built will underscore the short-term nature of the problem.

Negative perceptions of communities close to the Bakken can be countered with tourism marketing and promotion that emphasizes the continued small town culture and presents the established communities of eastern Montana as oases from the oil patch in North Dakota.

Transportation Issues

Regions, CVBs, and communities should make themselves aware of relevant MDT information and resources. MDT has contracted a study of the transportation impact of the Bakken development, which is in progress (see <http://www.mdt.mt.gov/research/projects/pave/oil.shtml>). MDT has also developed "Montana Transportation and Land Use Resources for Growing Communities", an online toolkit to help with transportation planning (see <http://www.mdt.mt.gov/research/toolkit/default.shtml>).

Potential Tourism Markets

The population increases associated with the Bakken development offer a number of potential tourism markets, such as:

- » business travelers who might wish to include leisure and recreation activities in their trip, or business hosts who might wish to entertain their business guests by engaging them in local tourism activities;
- » workers who wish to fill time off (often long stretches, as workers frequently work 15 days on and 15 off, for example);
- » workers who wish to recreate with their visiting family members; and
- » workers’ (resident) families who wish to enjoy tourism or recreation activities.

Understanding the potential tourism market and developing suitable tourism products and targeted marketing could help communities to reap short- and long-term benefits from the oil development. Product development can be as simple as developing suggested itineraries for weekend (or longer) trips or developing and promoting packages of accommodations and attractions for Bakken personnel.

Balanced Economic Development

Eastern Montana stakeholders have expressed concerns about what is known as a “resource curse” – a boom in natural resource extraction causes other economic sectors to be neglected, slowing economic growth and development. Research has found that the best means for mitigating the boom-bust cycle of oil extraction and avoiding the “resource curse” include (i) using tax revenues from the resource boom to support a diversified economic base, (ii) ensuring a broad distribution of benefits through public policy, and (iii) coordinating local and regional efforts to manage and moderate boom and bust changes.

The Bakken field is currently in its “development” stage. When the field reaches its “production” stage in 15-20 years, employment is expected to decrease by 90% (Seifert, c.2011), although the “fracking” process may generate some additional continuing employment. A large drop in employment would be expected to cause economic contraction, making development of a diversified economic base over the next two decades an important buffer against the boom-and-bust cycle.

The tourism stakeholders can contribute to building a diversified local economy by exploiting current opportunities, participating actively in local economic planning, and building support (respect) for tourism as a viable and desirable contributor to the local economy. Tourism stakeholders should advocate for policies that ensure development of a balanced economic base, using sound research to support their concerns and proposals.

As community members, tourism stakeholders should inform themselves of the economic cycle of oil production and the economic risks involved in natural resource windfalls. Useful resources include:

- » “Community Responses to Energy Development”, the Fall 2012 issue of the *Montana Policy Review*, published by the Local Government Center of the Montana State University Extension, available at <http://www.msulocalgov.org/publications/MTPolicyReview-Fall2012-WEB.pdf>;
- » “Benefitting from Unconventional Oil: State Fiscal Policy is Unprepared for the Heightened

Community Impacts of Unconventional Oil Plays”, a research paper published by Headwaters Economics (of Bozeman) and Stanford University, and available online at <http://www.ag.ndsu.edu/ccv/documents/benefiting-from-unconventional-oil>;

- » “A Basic Analysis of the Bakken Oil Boom: Precautions and Planning”, written by Laura Siefert of the University of Minnesota, and available at [http://www.ndoil.org/image/cache/Bakken_Precautions_and_Planning - Seifert.pdf](http://www.ndoil.org/image/cache/Bakken_Precautions_and_Planning_-_Seifert.pdf); and
- » North Dakota State University’s Center for Community Vitality. Its “Oil and Gas Resources” website, at <http://www.ag.ndsu.edu/ccv/oil-and-gas-resources>, offers materials for communities seeking to manage growth, benefits, and problems related to the oil boom in North Dakota, much of which is applicable to Montana towns.